

Message Text

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E.O. 11652: N/A

TAGS: ETR, EAGR

SUBJECT: CONSULTATIONS WITH EC ON SUGAR AND INTERNATIONAL
SUGAR AGREEMENT

REF: EC BRUSSELS 2264

1. SUMMARY. ON FRIDAY, MARCH 11, 1977 ASSISTANT SECRE-
TARY KATZ HELD CONSULTATIONS WITH EC REPRESENTATIVE
DELANGE ON EC AND U.S. POSITIONS FOR UPCOMING NEGOTIATIONS
FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA). KATZ
POINTED OUT THE DIFFICULTIES CREATED BY EC OPPOSITION TO
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AN EC EXPORT QUOTA IN AN ISA, BOTH FOR THE SUGAR AGREEMENT
AND ON COMMODITIES IN GENERAL. DELANGE EXPLAINED THE
INTERNAL POLITICAL FORCES DRIVING THE EC TO ITS SUGAR
POLICY AND ITS NEED TO EXPORT SUBSIDIZED SURPLUS SUGAR.
MR. KATZ EXPLAINED GROWING CONSENSUS IN USG ON USE OF ISA
AS BASIS FOR U.S. LONG-TERM SUGAR POLICY. END SUMMARY.

2. DURING CONSULTATIONS ON UPCOMING ISA NEGOTIATIONS LOCAL EC REP DELANGE DESCRIBED EC POSITION AS AMBIVALENT, BUT CLEARLY IN OPPOSITION TO EXPORT QUOTAS. HE NOTED POLICY IS STILL UNDER CONSIDERATION BUT PREDICTED DIFFICULTIES IN ARRIVING AT A POSITION AND PROBLEMS FOR THE EC AT THE NEGOTIATIONS. HE STATED THE EC DID NOT OBJECT TO OTHER COUNTRIES FORMING AN ISA BASED ON QUOTAS FOR NON-EC PARTICIPANTS, AS LONG AS EC HAD EXEMPTION WHICH PERMITTED UNFETTERED EXPORTS.

3. MR. KATZ OUTLINED THE DIFFICULTIES CREATED BY THE HIGHLY SUBSIDIZED EC SUGAR POLICY AND THE GROWING EC SUGAR SURPLUS, WHICH IS BEING FORCED ONTO THE WORLD MARKET THROUGH SUBSIDIES. IN RESPONSE THE U.S. WOULD HAVE TO CONSIDER A PROVISION AGAINST SUBSIDIZED SUGAR EXPORTS IN THE ISA SINCE WE ARE PLANNING ON TAKING THE NEGOTIATIONS SERIOUSLY. THE EC POSITION ALONE RULES OUT A BUFFER STOCK FOR SUGAR SINCE THE WORLD WOULD BE BUYING UP SUBSIDIZED EC EXPORTS THROUGH A BUFFER STOCK.

4. ALTHOUGH HE SAID HE WAS UNINSTRUCTED, MR. DELANGE FLOATED POSSIBILITY THAT IF EC EVENTUALLY ACCEPTED AN EXPORT QUOTA, IT WOULD HAVE TO BE LARGE. HE OFFERED THE OPPORTUNITY FOR FURTHER DISCUSSIONS DURING MR. KATZ'S TRIP TO THE OECD FOR ENERGY DISCUSSIONS IN PARIS MARCH 14-16. MR. KATZ EXPRESSED HIS WILLINGNESS TO CONSULT WITH EC OFFICIALS DURING HIS STAY IN PARIS AND TOLD MR. DELANGE TO HAVE EC OFFICIALS CONTACT THE U.S. MISSION TO THE OECD TO WORK OUT THE DETAILS.

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Message Attributes

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